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C O N F I D E N T I A L SECTION 01 OF 02 MANILA 002583

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TAGS: [PGOV](#) [PREL](#) [RP](#)
SUBJECT: 2010 PRESIDENTIAL RACE BEGINS IN EARNEST

REF: MANILA 2455 (KEY FIGURE IN CAMPAIGN FUND
DIVERSION RETURNS)

Classified By: Ambassador Kristie A. Kenney,
reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: In a move to level the playing field before the 2010 presidential elections and contain the power of one of its wealthiest members, the Senate on November 17 ousted incumbent Senate President and presidential hopeful Manuel Villar and voted to promote Senator Juan Ponce Enrile to its top leadership position. All five presidential candidates in the Senate -- other than Villar -- voted for Enrile's promotion, placing the reigns of influence out of Villar's reach well in advance of the 2010 national elections. The 84-year old Enrile, an ally of President Arroyo, is known for masterminding the 1972 imposition of martial law during the Marcos years, later heading the military coup that led to the Marcos dictatorship's downfall, and then supporting coups against the Aquino government. He is known as one of the most productive and irascible members of the Senate, though his election as Senate President does not necessarily portend a more efficient or pro-active Senate. The body continues to be hampered by Senators' mudslinging and general lack of preparation, as illustrated by uninspired corruption hearings in the past two weeks. The change in Senate leadership seemed to surprise Villar, who calmly discussed presidential politics with the Ambassador days before his ouster. END SUMMARY.

OPPONENTS OUST SENATE PRESIDENT VILLAR

¶2. (C) Senate President Manuel Villar resigned from the top Senate leadership post November 17, averting an otherwise uncereceremonious ouster long plotted by his colleagues and political rivals in the Senate. Villar, a highly successful businessman and the richest Senator, harbors presidential ambitions for the 2010 elections and consistently ranked high in popularity surveys among 2010 "presidentiables" -- the Philippine term for presidential aspirants. As Senate President, he had access to the significant resources of his office, which could effectively serve as a launching pad for his presidential campaign. To his political rivals who wanted to level the playing field, he was fair game from the day he assumed the top Senate leadership post two-and-a-half years ago.

¶3. (C) In recent weeks, Villar admitted there were attempts to unseat him, but, lacking broad support in the Senate, these efforts failed. Minority Senators Panfilo Lacson and Jamby Madrigal accused him of a conflict of interest in pushing a road development project that would benefit his real estate properties. The issue triggered fresh attempts to unseat him and, this time, Villar could not garner the support of the majority coalition in the Senate to repel the attacks. Among those who voted to replace Villar were Loren

Legarda, Panfilo Lacson, Manuel Roxas II, Francis Escudero, and Richard Gordon -- all of whom are thought to be potential contenders in the 2010 presidential election.

ENRILE RISES TO POWER -- AGAIN

14. (C) The new Senate President, Juan Ponce Enrile, is not new to the reigns of power. He is well-respected by his peers for his legislative expertise and independence, although human rights advocates paint a less flattering portrait of the man, who served as President Marcos' defense minister from 1968 to 1970, and, subsequently, in both houses of Congress. A champion of tax and energy reform measures and a key member on the Senate's Finance Committee, Enrile also served as Chair of the Justice and Human Rights Committee and was a principal sponsor of the 2007 Human Security Act, also known as the Anti-Terrorism Law, perceived by some as a tool for curtailing free expression. While Defense Minister, he masterminded the 1972 imposition of martial law. Sensing the winds of change, Enrile later turned against Marcos and helped mobilize the 1986 People Power Movement that gave momentum to Cory Aquino. Enrile later turned against President Aquino, but escaped criminal charges for involvement in aborted coup attempts. A loyal ally of President Estrada, he tried unsuccessfully to block impeachment proceedings against him, and, following Estrada's ouster in 2001, he supported destabilization attempts against President Arroyo. Enrile was arrested for his role in the May 2001 siege of the Presidential palace by pro-Estrada forces, but was later released without charges.

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VILLAR TALKS PRIVATELY WITH AMBASSADOR

15. (C) Villar only sparingly hinted at change in the Senate leadership during a broad-ranging breakfast conversation with the Ambassador November 12 that focused largely on the outcome of the U.S. elections and prospects for a more civilized election process in the Philippines. From the outset of the discussion, Villar demonstrated he had closely followed the U.S. election. A self-made businessman and the wealthiest person in the Philippine Senate, Villar professed a fondness for Senator McCain, whom he perceived to be more pro-business. He was effusive about Senator McCain's concession speech, calling him a "terrific, sensible" politician who during the campaign somehow lost the personality that normally makes him a compelling figure. Marveling at the civility displayed by both sides during and after the election, he remarked on how well the U.S. two-party system worked and ruefully remembered the days when the Philippines had a similar system.

16. (C) Turning to the 2010 Philippine presidential elections, Villar said other candidates not in the Senate included Vice President Noli De Castro, whom he considers to be a good friend. Regarding former President Estrada's rumored run at the presidency, Villar opined that Estrada was legally prohibited from running, but might do so based on his misguided belief that it was "the will of the people." However, he noted that it would be at least a year before the field narrowed, as Philippine law prohibits campaigning until the official election season begins in January 2010. Ambassador observed that the election to the presidency of a person who had been found guilty of plunder would send the wrong message to the Philippine people and the international community.

LEADERSHIP CHANGE DELAYS SCANDAL INQUIRIES

17. (C) Two of the most pressing issues in Philippine politics, as Villar described them to the Ambassador, will now face delays because of the change in the Senate

leadership. Senate investigations into the case a retired Philippine National Police official to bring 105,000 euros in his carry-on luggage through Russian customs in Moscow and the alleged diversion of more than USD 15 million in agricultural funds to the 2004 Arroyo campaign by former Agriculture Undersecretary JocJoc Bolante (reftel) will be delayed pending agreement among Senators about who will lead the Senate's Committee on Accountability of Public Officers and Investigations. This delay comes after the Senate's lackluster performance at a recent Bolante hearing, where Senators were clearly unprepared for questioning yet dragged on the proceedings for eight hours.

COMMENT

18. (C) We do not anticipate this change impacting our relationship with the Senate. Senator Enrile still smarts from being declared ineligible for a U.S. visa many years ago due to his involvement in coups against President Aquino. He has declined to reapply since, and generally declines U.S. invitations. That said, he generally supports the Arroyo government, and we do not expect problems. We will again seek to engage with him in his new role.

KENNEY